

Auditing Procedures Report

issued under P.A. 2 of 1989, as amended and P.A. 71 of 1919, as amended

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name ALBERT TOWNSHIP	County MONTMORENCY
Fiscal Year End MARCH 31, 2006	Opinion Date 6/28/06	Date Audit Report Submitted to State 9/27/06	

We affirm that:


We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below.** (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in reporting entity notes to the financial statements as necessary.
 - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that not been communicated, please submit a separate report under separate cover.
 - ☒ ☐ The local unit is free of repeated comments from previous years.
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) THOMAS R ZICK CPA, P.C.		Telephone Number 989-786-4032	
Street Address P.O. BOX 149		City LEWISTON	State MI
		Zip 49756	
Auditing CPA Signature 		Printed Name THOMAS R ZICK, CPA	License Number 1101007478

**ALBERT TOWNSHIP
BASIC FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2006**

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Thomas R. Zick CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

June 28, 2006

Township Board
Albert Township
Lewiston, Michigan 49756

I have audited the accompanying financial statements of the governmental activities, the business type activity, each major fund, and the aggregate remaining fund information of the Albert Township as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Albert Township's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activity, each major fund, and the aggregate remaining fund information of the Albert Township, as of March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information as identified in the table of contents are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Albert Township's basic financial statements. The introductory section, and combining non-major fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining non-major fund financial statements have been subjected to the auditing procedures applied by me in the audit of the basic financial statements and, in my opinion, based on my audit are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Thomas R. Zick, CPA P.C." in a cursive script.

THOMAS R. ZICK CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

ALBERT TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

THE TOWNSHIP AS A WHOLE

The Township's combined net assets increased 5.2% from a year ago – increasing by \$127,959

The increase in overall Township tax revenues is the result of continued strength in new construction and property value growth. The March 2006 report to county equalization indicates a net increase in real and personal property values of 3.8% compared to 4.1% increase in 2005. The increase in taxable value for 2006 is 6.0% compared to an increase of 5.9% in 2005. The business type activity experienced a \$7,393 reduction in net assets, primarily as a result of no new customers for the water system.

In a condensed format, the table below shows a calculation of the net assets as of the current balance sheet date.

	03/31/06		03/31/05		03/31/06	03/31/05
	Governmental Activities	Business Type Activity	Governmental Activities	Business Type Activity	Total	Total
Current Assets	\$ 1,492,181	\$ 6,502	\$ 1,313,500	\$ 8,076	\$ 1,498,683	\$ 1,321,576
Noncurrent Assets	<u>989,426</u>	<u>109,801</u>	<u>1,031,995</u>	<u>115,618</u>	<u>1,099,227</u>	<u>1,147,613</u>
Total Assets	<u>2,481,607</u>	<u>116,303</u>	<u>2,345,495</u>	<u>123,694</u>	<u>2,597,910</u>	<u>2,469,189</u>
Current Liabilities	<u>32,042</u>	<u>2</u>	<u>31,282</u>	<u>-</u>	<u>32,044</u>	<u>31,282</u>
Total Liabilities	<u>32,042</u>	<u>2</u>	<u>31,282</u>	<u>-</u>	<u>32,044</u>	<u>31,282</u>
Net Assets						
Invested in Capital Assets -						
Net of Debt	989,426	109,801	1,031,995	115,618	1,099,227	1,147,613
Restricted	1,032,158	-	955,236	-	1,032,158	955,236
Unrestricted	<u>427,981</u>	<u>6,500</u>	<u>326,982</u>	<u>8,076</u>	<u>434,481</u>	<u>335,058</u>
Total Net Assets	<u>\$ 2,449,565</u>	<u>\$ 116,301</u>	<u>\$ 2,314,213</u>	<u>\$ 123,694</u>	<u>\$ 2,565,866</u>	<u>\$ 2,437,907</u>

Unrestricted net assets – the part of net assets that can be used to finance day to day operations ended the year at \$427,981, up \$100,999 from the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following table shows the changes in the net assets as of the current year.

	03/31/06		03/31/05		03/31/06	03/31/05
	Governmental Activities	Business Type Activity	Governmental Activities	Business Type Activity	Total	Total
Program Revenues						
Charges for Services	\$ 280,470	\$ 4,746	\$ 292,640	\$ 5,106	\$ 285,216	\$ 297,746
Operating Grants and contributions	7,666	-	5,711	-	7,666	5,711
Capital Grants and contributions	17,130	-	26,408	-	17,130	26,408
General Revenues						
Property Taxes	451,988	-	474,059	-	451,988	474,059
State Shared Revenues	182,017	-	179,886	-	182,017	179,886
Unrestricted Investment Earnings / Other Revenue	63,683	251	47,613	108	63,934	47,721
Total Revenues	1,002,954	4,997	1,026,317	5,214	1,007,951	1,031,531
Program Expenses						
General government	298,279	-	282,638	-	298,279	282,638
Public Safety	401,018	-	384,290	-	401,018	384,290
Public Works	156,466	12,390	133,812	10,387	168,856	144,199
Recreation and Culture	15,439	-	16,836	-	15,439	16,836
Total Expenses	871,202	12,390	817,576	10,387	883,592	827,963
Change in Net Assets	\$ 131,752	\$ (7,393)	\$ 208,741	\$ (5,173)	\$ 124,359	\$ 203,568

The Township's net assets continue to remain healthy. With new residents moving in, the total revenues grew slightly faster than inflation while we were able to hold expenses in line.

GOVERNMENTAL ACTIVITIES

The Township's total governmental revenues were \$1,002,954 which was a decrease of \$23,363.

This decrease occurred primarily because of a decrease in fire and ambulance tax revenue.

Expenditures also decreased for the year by approximately \$142,000. This was primarily due to the decrease in capital outlay for the fire department which occurred in 2004/05

BUSINESS TYPE ACTIVITY

The Township's only business type activity is a water system which provides water to only customers in the downtown area of Lewiston. This activity relies heavily on the general fund for financial support if large capital improvements are needed. It showed a decrease in net assets of \$7,393 for the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

THE TOWNSHIP'S FUNDS

Our analysis of the Township's major funds begins on page 8 following the Township-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the township as a whole. The township board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as property tax millage. The Township's major funds for 2005/06 include the General Fund, Fire and Ambulance Fund, and Road Fund. Other funds include the Metro Act Fund and Library Improvement Fund.

The General Fund pays for most of the Township's governmental services, except for fire and ambulance services that are paid for by the Fire and Ambulance Fund. The most significant services in terms of costs incurred are assessing and transfer site which are paid by the General Fund and fire and ambulance services paid by the Fire and Ambulance Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Township board amended the budget to take into account events during the year. There were only minor budget adjustments during the year. The General Fund Balance increased by \$104,805 during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

At March 31, 2006 the Township had \$1,099,227 invested in net capital assets in a broad range of capital assets, including buildings, equipment and fire equipment, and water system. The Township also invested \$95,056 in cost sharing with the County Road Commission for road construction and improvements. The road asset is not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the County Road Commission (along with the responsibility to maintain them).

The Township has no long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Township's budget for 2006/07 General Fund calls for the allocated millage to continue with a slight 'Headlee' rollback. The Fire and Ambulance Fund extra voted millage will also continue with a slight rollback. Both millages reflect an increase in revenue due to the increase in Taxable Value.

There is continued reduction in the General fund Revenues due to the State not paying Statutory Revenue Sharing. The estimated loss to the township due to statutory revenue is estimated at \$45,000 for Fiscal year 2007.

The fiscal year 2007 budget projects a transfer of \$180,000 from the General Fund to the Water Fund. This transfer is to offset the cost of a new well required because of problems meeting the new Federal Guidelines for Arsenic Level in one of the current wells.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the supervisor's office at (989) 786-2513 or visit the Township offices located in Lewiston, Michigan.

ALBERT TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2006

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash demand, time deposits, and investments	\$ 1,422,566	\$ 6,502	\$ 1,429,068
Receivables			
Taxes	35,643	-	35,643
Administration Fee	2,787	-	2,787
Accounts	31,185	-	31,185
Capital assets			
Land	64,500	-	64,500
Other capital assets, net of depreciation	924,926	109,801	1,034,727
TOTAL ASSETS	2,481,607	116,303	2,597,910
LIABILITIES			
Accounts payable	11,245	2	11,247
Accrued liabilities	20,797	-	20,797
TOTAL LIABILITIES	32,042	2	32,044
NET ASSETS			
Invested in capital assets, net of related debt	989,426	109,801	1,099,227
Restricted for:			
Road Fund	171,060	-	171,060
Fire and Ambulance Fund	850,992	-	850,992
Metro Act Fund	10,106	-	10,106
Unrestricted	427,981	6,500	434,481
TOTAL NET ASSETS	\$ 2,449,565	\$ 116,301	\$ 2,565,866

See Notes to Financial Statements

ALBERT TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2006

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants	Governmental Activities	Business Type Activity	Total
Primary Government							
Governmental Activities							
General Government	\$ 298,279	\$ 72,681	\$ -	\$ -	\$ (225,598)	\$ -	\$ (225,598)
Public Safety	401,018	126,810	3,116	17,130	(253,962)	-	(253,962)
Public Works	156,466	80,979	4,550	-	(70,937)	-	(70,937)
Recreation and Culture	15,439	-	-	-	(15,439)	-	(15,439)
Capital Outlay	-	-	-	-	-	-	-
Total Governmental Activities	871,202	280,470	7,666	17,130	(565,936)	-	(565,936)
Business Type Activity							
Water Fund	12,390	4,746	-	-	-	(7,644)	(7,644)
Total Primary Government	<u>\$883,592</u>	<u>\$285,216</u>	<u>\$7,666</u>	<u>\$17,130</u>	<u>(565,936)</u>	<u>(7,644)</u>	<u>(573,580)</u>
General revenues:					Governmental Activities	Business Type Activities	Total
Taxes:							
Property taxes levied for general operating purposes					451,988	-	451,988
State Revenue Sharing not restricted to specific purposes					182,017	-	182,017
Interest and royalty earnings / other revenue					63,683	251	63,934
Total general revenues and taxes					697,688	251	697,939
Change in net assets					131,752	(7,393)	\$ 124,359
Net assets, beginning of year (as restated)					2,317,813	123,694	2,441,507
Net assets, end of year					<u>\$ 2,449,565</u>	<u>\$ 116,301</u>	<u>\$ 2,565,866</u>

See Notes to Financial Statements

ALBERT TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2006

	GENERAL FUND	FIRE & AMBULANCE FUND	ROAD	OTHER FUNDS	TOTAL
ASSETS					
Cash and Investments	\$ 430,831	\$ 809,972	\$ 171,657	\$ 10,106	\$ 1,422,566
Receivables					
Taxes	7,100	28,543	-	-	35,643
Administration Fee	2,787	-	-	-	2,787
Ambulance	-	24,416	-	-	24,416
Other	1,822	1,822	-	-	3,644
Due From Other Funds	2,206	-	-	-	2,206
Due From Other Governmental Units	3,125	-	-	-	3,125
TOTAL ASSETS	\$ 447,871	\$ 864,753	\$ 171,657	\$ 10,106	\$ 1,494,387
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 4,922	\$ 5,726	\$ 597	\$ -	\$ 11,245
Due To Other Funds	-	2,206	-	-	2,206
Accrued Liabilities	4,357	5,829	-	-	10,186
TOTAL LIABILITIES	9,279	13,761	597	-	23,637
FUND BALANCES					
Reserved	-	850,992	171,060	10,106	1,032,158
Unreserved	438,592	-	-	-	438,592
TOTAL FUND BALANCES	438,592	850,992	171,060	10,106	1,470,750
TOTAL LIABILITIES AND FUND BALANCES	\$ 447,871	\$ 864,753	\$ 171,657	\$ 10,106	\$ 1,494,387

See Notes to Financial Statements

ALBERT TOWNSHIP
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
MARCH 31, 2006

Fund Balances - Total Governmental Funds	\$ 1,470,750
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital Assets - at Cost	2,057,249
Accumulated Depreciation	(1,067,823)

Accrued personal leave is not included as a liability in the governmental funds	<u>(10,611)</u>
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Net Assets of Governmental Activities	<u><u>\$ 2,449,565</u></u>
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See Notes to Financial Statements

ALBERT TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2006

	GENERAL FUND	FIRE & AMBULANCE FUND	ROAD	OTHER FUNDS	TOTAL
REVENUES					
Taxes	\$ 112,522	\$ 339,466	\$ -	\$ -	\$ 451,988
State Sources	182,017	3,116	-	4,550	189,683
Federal Sources	-	-	-	-	-
Other Governments	12,500	-	-	-	12,500
Charges for Services	102,553	113,427	-	-	215,980
Interest Income / Royalty Income	30,654	21,659	5,918	313	58,544
Administration Fee	51,990	-	-	-	51,990
Other Revenue	3,880	18,389	-	-	22,269
TOTAL REVENUES	496,116	496,057	5,918	4,863	1,002,954
EXPENDITURES					
General Government	\$ 275,518	-	-	-	275,518
Public Safety	31,376	317,923	-	-	349,299
Public Works	61,391	-	95,056	19	156,466
Recreation & Culture	15,439	-	-	-	15,439
Capital Outlay	7,587	16,918	-	-	24,505
TOTAL EXPENDITURES	391,311	334,841	95,056	19	821,227
REVENUES OVER (UNDER) EXPENDITURES	104,805	161,216	(89,138)	4,844	181,727
FUND BALANCES, BEGINNING OF YEAR	333,787	689,776	260,198	5,262	1,289,023
FUND BALANCES, END OF YEAR	\$ 438,592	\$ 850,992	\$ 171,060	\$ 10,106	\$ 1,470,750

See Notes to Financial Statements

ALBERT TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
FOR THE YEAR ENDED MARCH 31, 2006

Net Change in Fund Balances - Total Governmental Funds	\$	181,727
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - Capital Outlay		24,505
Deduct - Depreciation Expense		(70,674)

Increase in Accrued Personal Leave		(3,806)
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Change in Net Assets of Governmental Funds	\$	131,752
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See Notes to Financial Statements

ALBERT TOWNSHIP
 PROPRIETARY FUND
 STATEMENT OF NET ASSETS
 MARCH 31, 2006

	ENTERPRISE FUND <u>WATER</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 6,502
Capital Assets	
Water System - Cost Net of Depreciation	<u>109,801</u>
TOTAL ASSETS	<u>116,303</u>
LIABILITIES	
Accrued Liabilities	<u>2</u>
TOTAL LIABILITIES, ALL CURRENT	<u>2</u>
NET ASSETS	
Investment in Capital Assets, Net of Related Debt	109,801
Unrestricted net assets	<u>6,500</u>
TOTAL NET ASSETS	<u><u>\$ 116,301</u></u>

See Notes to Financial Statements

ALBERT TOWNSHIP
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET ASSETS
 MARCH 31, 2006

	ENTERPRISE FUND <u>WATER</u>
OPERATING REVENUES	
Charges for Services	<u>\$ 4,746</u>
TOTAL OPERATING REVENUES	<u>4,746</u>
OPERATING EXPENSES	
Supplies	1,974
Services	4,598
Depreciation Expense	<u>5,818</u>
TOTAL OPERATING EXPENSES	<u>12,390</u>
OPERATING INCOME (LOSS)	(7,644)
NONOPERATING REVENUES (EXPENSES)	
Interest Earned on Investments	<u>251</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>251</u>
NET INCOME (LOSS)	(7,393)
NET ASSETS, BEGINNING OF YEAR	<u>123,694</u>
NET ASSETS, END OF YEAR	<u><u>\$ 116,301</u></u>

See Notes to Financial Statements

ALBERT TOWNSHIP
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED MARCH 31, 2006

	ENTERPRISE FUND WATER
Cash Flows from Operating Activities:	
Cash received from customers	\$ 4,746
Cash payments for goods and services	<u>(6,570)</u>
Net Cash Provided (Used) by Operating Activities	<u>(1,824)</u>
Cash Flows from Investing Activities:	
Interest Received	<u>251</u>
Net Cash Provided by Investing Activities	<u>251</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,573)
Cash and Cash Equivalents, Beginning of Year	<u>8,075</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 6,502</u></u>
Operating Income (Loss)	\$ (7,644)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	<u>2</u> <u>5,818</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (1,824)</u></u>

See Notes to Financial Statements

ALBERT TOWNSHIP
STATEMENT OF FIDUCIARY FUND NET ASSETS
AGENCY FUNDS
MARCH 31, 2006

	<u>ASSETS</u>	
Cash		<u>\$ 1,600</u>
	<u>TOTAL ASSETS</u>	<u>\$ 1,600</u>
	<u>LIABILITIES</u>	
Due to Other Governmental Units		<u>\$ 1,600</u>
	<u>TOTAL LIABILITIES</u>	<u>\$ 1,600</u>

See Notes to Financial Statements

ALBERT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Albert Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

REPORTING ENTITY

The General Law Township is located in Montmorency County, Michigan and operated under an elected Township Board consisting of a Supervisor, Treasurer, Clerk, and two Trustees. This Board and its employees provide services to its residents in areas such as fire protection, ambulance service, voter registration, maintenance of township facilities, planning and zoning, and water.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Township's reporting entity, and which organizations are legally separate, component units of the Township. Based on the application of the criteria, the Township does not contain any component units.

TOWNSHIP-WIDE AND FUND FINANCIAL STATEMENTS

The township-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the Township's Township-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the township-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Township-Wide Financial Statements - The township-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the township-wide financial statements.

ALBERT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid/revenue sharing.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state revenue sharing, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

Fiduciary fund statements are also reported using the economic resources measurement focus and the accrual basis of accounting. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

Fire and Ambulance Fund – This is a special revenue fund used to record revenue and expenditures related to the fire and ambulance department activities.

Road Fund – This is a special revenue fund used to record the proceeds from tax levies and to record the expenditures for road improvements.

The Township reports only one business type activity fund, the Water Fund, which is an enterprise fund and is reported as a major fund.

Additionally, the Township reports the following governmental funds as non major funds: Special Revenue Metro Act Fund and Special Revenue Library Fund.

Fiduciary Funds – The Township maintains an Agency Fund to record the tax collection transactions. The funds are segregated and used to record the tax collection and distribution of taxes to the various taxing entities.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Investments – Cash and investments include cash on hand, demand deposits, and savings accounts and certificates of deposit.

ALBERT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.”

All property tax receivables are shown net of an allowance for uncollectible amounts. The Township considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31 and the related property taxes are levied and become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls. The County operates a delinquent tax revolving fund and normally pays to the Township all current taxes annually prior to June 30.

Capital Assets – Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the Township-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The Township does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and building additions	10-50 years
Fire trucks and other vehicles	7-15 years
Furniture and other equipment	2-20 years

Long-Term Obligations – In the Township-wide financial statements long-term debt and other long-term obligations would be reported as liabilities in the statement of net assets. Albert Township has no long term debt.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Date – Comparative data is not included in the Township's financial statements, because this is the first year of implementation for GASB #34.

Accounting Change – Effective April 1, 2005, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34) along with all related statements and interpretations. Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

- § A Management's Discussion and Analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.
- § Township-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.

ALBERT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- § Capital assets in the governmental activities column of the statement of net assets includes assets totaling \$1,031,995 not previously accounted for by the Township
- § The governmental activities column includes accrued personal leave time of \$6,805 not previously reported.
- § The fund financial statements focus on major funds rather than fund types.

BUDGETS AND BUDGETARY ACCOUNTING

All funds are under the direct supervision and budgetary control of the Township board. In accordance with PA 621 of 1978, the Uniform Budgeting and Accounting Act as amended, the Township board adopts a budget for the general fund and the fire special revenue fund. Any budget violations are disclosed in the audits of the Township's financial statements as required by law.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budgets, as adopted, lapse after the close of the fiscal, and a new budget is adopted for the ensuing year. The budget for Albert Township, as presented in the accompanying financial statements is the amended budget as well as the original adopted budget for the funds required to be budgeted under state statute.

NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the general and special revenue funds. All annual appropriations lapse at the fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits Townships to amend their budgets during the year.

Excess Expenditures Over Appropriations in Budgeted Funds - The Township is required under Public Act 621 of 1978 to adopt (pass) a budget (General Appropriations Act) for the General Fund and Individual Special Revenue Funds. The Township complied in all areas. There were no expenditure line items which exceeded budgeted amounts.

NOTE 3 - CASH AND INVESTMENTS

The captions on the combined balance sheet related to cash and investments are as follows:

	<u>Imprest</u>	<u>Cert of Dep</u>	<u>Cash/checking and Savings</u>	<u>Investments</u>	<u>Total</u>
Government Activities	\$ 200	\$ 762,427	\$ (2,448)	\$ 668,889	\$ 1,429,068
Agency Funds	-	-0-	1,600	-0-	1,600
	<u>\$ 200</u>	<u>\$ 762,427</u>	<u>\$ (848)</u>	<u>\$ 668,889</u>	<u>\$ 1,430,668</u>

ALBERT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Deposits - At year-end, the carrying amount of the Township's deposits was \$761,579 and the bank balance was \$762,998 was classified as to risk as follows.

Insured	\$ 636,387
Uninsured – Uncollateralized	<u>125,192</u>
	<u>\$ 761,579</u>

Investments – Act 217, PA 1982, authorized the Township to deposit and invest in the following:

- a. Bonds, bills, and other direct obligations of the United States or its agencies.
- b. Certificates of deposit and other savings instruments issued by a federally insured bank, savings and loan or credit union maintaining an office in Michigan.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Mutual Funds comprised of investments which are legal for direct investment by local units of government in Michigan.
- e. U.S. Government or federal agency obligation repurchase agreements.
- f. Bankers' acceptance of United States banks

The \$668,889 in investments are held in the First Federal Non-FDIC Sweep Investment Account which is uninsured.

The Township Board is authorized to designate depositories for Township funds, and the funds are invested in accordance with State of Michigan statutory authority.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's).

Interest Rate Risk

The Township has not adopted a policy that indicates how the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by limiting the weighted average maturity of its investment portfolio to less than a given period of time.

Concentration of Credit Risk

The Township has not adopted a policy that indicates how the Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

ALBERT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

The Township has not adopted a policy that indicates how the Township will minimize custodial credit risk, which is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments of collateral securities that are in possession of an outside party.

The Township Board is authorized to designate depositories for Township funds, and the funds are invested in accordance with State of Michigan statutory authority.

NOTE 4 - RISK MANAGEMENT

The Township purchases insurance in the Michigan Township Participating Plan for its liability, property and automobile coverage.

Worker compensation is purchased through the Accident Fund Insurance Company of America.

The Michigan Township Participating Plan is an authorized Michigan Self-Insurance Association and Albert Township is accepted as a member in this plan organized under Public Act 138 of 1982. A substantial number of Michigan townships participate in this coverage.

NOTE 5 – RESTATEMENT OF CAPITAL ASSETS

Capital assets as of March 31, 2005 have been restated to correct prior year land cost amounts.

Net Capital assets March 31, 2005 as previously reported	\$ 1,031,995
Restatement	<u>3,600</u>
Net Capital Assets April 1, 2005	<u>\$ 1,035,595</u>

NOTE 6 – CAPITAL ASSETS

Capital asset activity of the Township's governmental activities for the current year was as follows:

	Balance March 31, 2005	Additions	Disposals	March 31, 2006
Capital assets not being depreciated:				
Land	\$ 64,500		\$ -	\$ 64,500
Capital assets being depreciated:				
Building and building improvements	856,394	-	-	856,394
Equipment and vehicles	1,111,850	24,505	-	1,136,355
Subtotal	1,968,244	24,505	-	1,992,749
Accumulated depreciation	997,149	70,674	-	1,067,823
Net capital assets being depreciated	971,095	(46,169)	-	924,926
Net governmental capital assets	<u>\$ 1,035,595</u>	<u>\$ (46,169)</u>	<u>\$ -</u>	<u>\$ 989,426</u>

ALBERT TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Capital asset activity of the business type activities for the current year was as follows:

	Balance March 31, 2005	Additions	Disposals	March 31, 2006
Capital assets being depreciated:				
Building and building improvements	\$ 35,101	\$ -	\$ -	\$ 35,101
Equipment and vehicles	156,052	-	-	156,052
	<u>191,153</u>	<u>-</u>	<u>-</u>	<u>191,153</u>
Subtotal	191,153	-	-	191,153
Accumulated depreciation	75,535	5,818	-	81,353
	<u>75,535</u>	<u>5,818</u>	<u>-</u>	<u>81,353</u>
Net capital assets	<u>\$ 115,618</u>	<u>\$ (5,818)</u>	<u>\$ -</u>	<u>\$ 109,800</u>

Depreciation expense was charged to activities of the Township as follows:

Governmental Activities:	
General Fund	\$ 17,050
Fire and Ambulance Fund	<u>47,670</u>
Total	<u>\$ 70,674</u>
Business Type Activities:	
Water Fund	<u>\$ 5,818</u>
Total	<u>\$ 5,818</u>

REQUIRED SUPPLEMENTAL INFORMATION

ALBERT TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, OTHER SOURCES (USES)
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ 111,400	\$ 111,400	\$ 112,522	\$ 1,122
State Sources	188,000	188,000	182,017	(5,983)
Other Governments	12,500	12,500	12,500	-
Charges for Services	97,800	97,800	102,553	4,753
Interest Income	14,500	14,500	30,654	16,154
Administration Fee	39,000	39,000	51,990	12,990
Other	4,500	4,500	3,880	(620)
TOTAL REVENUES	467,700	467,700	496,116	28,416
EXPENDITURES				
General Government:				
Township Board	46,110	56,310	52,239	4,071
Supervisor	12,895	14,395	14,175	220
Clerk	43,603	41,603	37,188	4,415
Board of Review	2,405	2,705	2,153	552
Board of Appeals	2,350	2,350	2,052	298
Treasurer	67,602	57,102	52,751	4,351
Assessor	45,150	50,150	45,543	4,607
Election	6,978	6,978	1,850	5,128
Township Hall	27,098	47,598	43,649	3,949
Attorney	13,000	13,000	10,386	2,614
Township Garage	4,600	5,100	4,106	994
Cemetery	15,745	10,245	9,426	819
Capital Outlay	16,000	10,750	7,587	3,163
Total General Government	303,536	318,286	283,105	35,181
Public Safety:				
Police	850	850	452	398
Planning and Zoning	35,561	36,561	30,924	5,637
Total Public Safety	36,411	37,411	31,376	6,035
Public Works				
Transfer Site	78,546	71,046	61,391	9,655
Total Public Works	78,546	71,046	61,391	9,655
Recreation & Culture:				
Parks	20,177	11,927	10,024	1,903
Chamber of Commerce	1,900	1,900	1,097	803
Library	4,500	4,500	4,318	182
Total Recreation & Culture	26,577	18,327	15,439	2,888
TOTAL EXPENDITURES	445,070	445,070	391,311	53,759
REVENUES OVER (UNDER) EXPENDITURES	22,630	22,630	104,805	82,175
FUND BALANCES, BEGINNING OF YEAR	332,532	332,532	333,787	1,255
FUND BALANCES, END OF YEAR	\$ 355,162	\$ 355,162	\$ 438,592	\$ 83,430

See Notes to Financial Statements

ALBERT TOWNSHIP
FIRE & AMBULANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ 348,357	\$ 348,357	\$ 339,466	\$ (8,891)
Intergovernmental Revenue				
Federal	-	-	-	-
State	2,500	51,500	3,116	(48,384)
Other Local Units	15,000	15,000	-	(15,000)
Charges for Services	135,000	135,000	113,427	(21,573)
Interest	7,000	7,000	21,659	14,659
Other Revenue	5,300	21,100	18,389	(2,711)
TOTAL REVENUES	513,157	577,957	496,057	(81,900)
EXPENDITURES				
Public Safety				-
Wages	211,345	211,345	194,883	16,462
Fringes	36,551	36,551	27,243	9,308
Supplies	53,700	53,700	27,837	25,863
Contractual Services	61,150	61,150	57,065	4,085
Utilities	11,500	11,500	10,895	605
Capital Outlay	114,000	178,800	16,918	161,882
TOTAL EXPENDITURES	488,246	553,046	334,841	218,205
REVENUES OVER (UNDER) EXPENDITURES	24,911	24,911	161,216	136,305
FUND BALANCES, BEGINNING OF YEAR	684,451	666,418	689,776	23,358
FUND BALANCES, END OF YEAR	\$ 709,362	\$ 691,329	\$ 850,992	\$ 159,663

See Notes to Financial Statements

ALBERT TOWNSHIP
ROAD FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Interest	1,500	1,500	5,918	4,418
Other Revenue	-	-	-	-
	<u>1,500</u>	<u>1,500</u>	<u>5,918</u>	<u>4,418</u>
TOTAL REVENUES				
	<u>1,500</u>	<u>1,500</u>	<u>5,918</u>	<u>4,418</u>
EXPENDITURES				
Public Works	<u>107,100</u>	<u>107,100</u>	<u>95,056</u>	<u>12,044</u>
	<u>107,100</u>	<u>107,100</u>	<u>95,056</u>	<u>12,044</u>
TOTAL EXPENDITURES				
	<u>107,100</u>	<u>107,100</u>	<u>95,056</u>	<u>12,044</u>
REVENUES OVER (UNDER) EXPENDITURES	(105,600)	(105,600)	(89,138)	16,462
FUND BALANCES, BEGINNING OF YEAR	<u>267,914</u>	<u>267,914</u>	<u>260,198</u>	<u>(7,716)</u>
FUND BALANCES, END OF YEAR	<u>\$ 162,314</u>	<u>\$ 162,314</u>	<u>\$ 171,060</u>	<u>\$ 8,746</u>

OTHER SUPPLEMENTAL INFORMATION

ALBERT TOWNSHIP
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
MARCH 31, 2006

	SPECIAL REVENUE		
	METRO ACT FUND	LIBRARY FUND	TOTAL
ASSETS			
Cash and Investments	\$ 10,106	\$ -	\$ 10,106
Investments	-	-	-
Receivables:			
Taxes	-	-	-
Accounts	-	-	-
Inventory	-	-	-
Due From Other Funds	-	-	-
Due From Other Governmental Units	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>10,106</u>	<u>-</u>	<u>10,106</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-
Due to Other Funds	-	-	-
Due to Other Governmental Units	-	-	-
Advances From Other Governmental Units	-	-	-
Deferred Revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
Reserved	10,106	-	10,106
Unreserved	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>10,106</u>	<u>-</u>	<u>10,106</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,106</u>	<u>\$ -</u>	<u>\$ 10,106</u>

See Notes to Financial Statements

ALBERT TOWNSHIP
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED MARCH 31, 2006

	SPECIAL REVENUE		
	METRO ACT FUND	LIBRARY FUND	TOTAL
REVENUES			
State Sources	\$ 4,550		\$ 4,550
Federal Sources	-	-	-
Charges for Services	-	-	-
Interest	313	-	313
Other	-	-	-
TOTAL REVENUES	4,863	-	4,863
EXPENDITURES			
Public Works	15	4	19
Capital Outlay	-	-	-
TOTAL EXPENDITURES	15	4	19
REVENUES OVER (UNDER) EXPENDITURES	4,848	(4)	4,844
FUND BALANCES, BEGINNING OF YEAR	5,258	4	5,262
FUND BALANCES, END OF YEAR	\$ 10,106	\$ -	\$ 10,106

See Notes to Financial Statements



Thomas R. Zick CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

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FAX: (989) 786-7219

FINANCIAL AUDIT COMMENTS

September 14, 2006

Township Board
Albert Township
Lewiston, Michigan 49756

In planning and performing my audit of the general purpose financial statements of Albert Township, Montmorency County for the year ended March 31, 2006, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure. However, I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect Albert Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement.

REPORTABLE CONDITIONS

CASH DISBURSEMENTS / APPROVAL FOR PAYMENT

I noted several instances where vendor invoices were paid twice. This is a repeat comment.

In each instance, the original invoice was paid and then the following month the same invoice was paid from a vendor statement. Vendor statements should only be used to reconcile the outstanding balances. They never should be used as the basis for generating a check.

I feel the approval process used by Albert Township is adequate, but follow through by those involved in the system needs to be more complete.

TRANSFER SITE REVENUE

The process to receive and deposit receipts from the transfer site could be improved, in my opinion, if the township implemented a punch card system. The cards could be purchased at the township hall in person or by mail in different denominations. As an incentive to purchase the cards, a higher rate could be charged to individuals who pay at the transfer site.

This procedure would centralize the cash collection process which would improve internal accounting controls in this area.

PROPERTY TAXES

The final distribution of township taxes from the tax collection fund to the general and fire and ambulance funds must be recorded at March 31 each year. If this transaction is not recorded, the tax revenue recorded is those two operating funds does not agree to the levy for the year. This entry had not been recorded when we started the audit. We prepared an adjusting entry to record the final tax distribution.

PAYMENT IN LIEU OF TAXES

I noted the subsidized housing projects in the Township are delinquent in forwarding their annual fee (payment in lieu of taxes) and that the report has not been timely filed by the Township because of this late payment. This is the third year in a row this has occurred.

Probably the only solution to eliminate these issues in the future is to rewrite sections of the housing agreement with the developer when the original one expires in 2008. In the meantime, active collection procedures, including calls and letters and possibly the use of the Township attorney, are your best alternative.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe none of the matters described above are material weaknesses.

This report is intended solely for the information and use of the Albert Township Montmorency County, Michigan, management, and others on the board, and the Michigan Department of Treasury. This report is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Thomas R. Zick CPA, P.C.
Certified Public Accountant